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S E C R E T KATHMANDU 001638

SIPDIS

STATE FOR SA/INS
LONDON FOR POL - GURNEY
NSC FOR MILLARD

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TAGS: [PTER](#) [PREL](#) [IN](#) [NP](#)

SUBJECT: NEPAL: INDIAN AMBASSADOR ON MAOIST ACTIVITIES IN INDIA

REF: A. KATHMANDU 1611

[1](#)B. KATHMANDU 1612

Classified By: AMB. MICHAEL E. MALINOWSKI. REASON: 1.5 (B,D).

[1](#)1. (S) Summary: The August 20 arrest in Chennai of Maoist Politburo member Chandra Gajurel is the most significant capture of a member of the insurgents' leadership in more than seven years of conflict. While the reasons for Gajurel's intended travel to the UK remain unclear, his arrest could be an important example of the international cooperation, support and resolve needed to help the Government of Nepal (GON) counter the insurgency.

[1](#)2. (S) In an August 26 conversation with the Ambassador, Shyam Saran, Indian Ambassador to Nepal, said that Chandra Gajurel, the Maoist arrested in Chennai on August 20 (Ref B), is the highest-ranking Central Committee member (said to be ranked fourth in the Politburo) arrested yet in either Nepal or India. Saran said that Gajurel was responsible for maintaining liaison with and extorting money from expatriate Nepalis to finance insurgent activities. (Note: Gajurel was arrested at Chennai's airport reportedly carrying a fraudulent British passport.) Although initial stories in the press reported that he was en route to Frankfurt, Saran indicated that the Maoist was actually headed to the UK. (Relatives of many high-ranking Maoists are known to be currently in the UK. A Nepali press contact told us of recent reports that the brother of insurgent supremo Prachanda is now in the UK.)

[1](#)3. (S) According to Saran, Nepalis living in India have frequently complained of Maoist extortion in their neighborhoods and communities. If they refuse the demands for payment, the Maoists threaten them with violence. The August 25 murders of two Nepalis in the Mayapuri section of New Delhi could be related to such extortion, he suggested. At the same time, three separate local Maoist commanders in Nepal have reportedly absconded to India with funds embezzled from extortion. Saran opined that this could be indicative of command and control problems among the Maoists. He speculated that Gajurel might have been intending to travel to the UK to launder money.

[1](#)4. (S) The Ambassador congratulated Saran for the Indian Embassy's tough reaction to Prachanda's request that the Indian government release Gajurel as a show of good will. Saran replied that the August 25 kidnapping of three Indian employees--unprecedented in the seven years of the insurgency--at the paper mill torched by the Maoists on August 25 (ref A) could be a Maoist reaction to Gajurel's arrest.

[1](#)5. (C) In an August 27 meeting with the Ambassador, Shailendra Upadhaya, one of four facilitators in peace talks between the Government of Nepal and the Maoists and a long-time Embassy contact, reiterated that the arrest of Gajurel marks a significant setback for the Maoists. He speculated that Gajurel may have been attempting to travel to the UK in order to meet secretly with King Gyanendra, who is currently visiting the UK for a medical check-up, for off-line "negotiations." The Maoists frequently have expressed a desire to meet the King, he noted. The Indians might have learned of such a plan, he theorized, and moved quickly to quash it. (Comment: We have received no indications from any other source of any intention by the King or anyone in his entourage in London to meet Gajurel or any other Maoist representative. End comment.)

[1](#)6. (S) Comment: We have long held that the key to resolving the insurgency is firm, concerted international pressure on the Maoist leadership, especially from India. Gajurel's capture, which breaks an important link in the Maoists' logistical organization, suggests that such pressure may be growing.
MALINOWSKI